



Faculty of Cognitive Science and Human Development

**ORGANIZATIONAL CLIMATE FACTORS AFFECTING
EMPLOYEES' JOB PERFORMANCE**

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TABLE OF CONTENTS

	Page
Acknowledgement	iii
Table of Contents	iv
List of Tables	vii
List of Figures	viii
Abstract	ix
<i>Abstrak</i>	x

CHAPTER 1 INTRODUCTION

1.1	Introduction	1
1.2	Background of Study	2
1.3	Statement of Problem	4
1.4	Research Objectives	
1.4.1	Specific Objectives	5
1.5	Conceptual Framework	6
1.6	Research Hypotheses	7
1.7	Significance of the Study	8
1.8	Definition of Terms	
1.8.1	Perception	9
1.8.2	Age	10
1.8.3	Marital status	10
1.8.4	Length of service	10
1.8.5	Supervisory style	10
1.8.6	Co-workers support	11
1.8.7	Training	11
1.8.8	Financial rewards	11
1.8.9	Intrinsic rewards	12
1.8.10	Job performance	12
1.9	Limitations of the Study	12
1.10	Conclusion	13

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	14
2.2	Elements of Organizational Climate	15
2.3	Theories and Model Related to Motivation and Job Performance	
2.3.1	Maslow's Hierarchy of Needs	17
2.3.2	Porter and Lawler's Model of Motivation	19
2.3.3	Model of Intrinsic Motivation	20
2.3.4	Performance Management Cycle	22

2.4	Demographic Characteristics and Job Performance	
2.4.1	Age and Job Performance	23
2.4.2	Marital Status and Job Performance	25
2.4.3	Length of Service and Job Performance	25
2.5	Relationship between Organizational Climate Factors and Job Performance	
2.5.1	Supervisory Style and Job Performance	27
2.5.2	Co-workers Support and Job Performance	28
2.5.3	Training and Job Performance	29
2.5.4	Financial Rewards and Job Performance	30
2.5.5	Intrinsic Rewards and Job Performance	31
2.6	Conclusion	31

CHAPTER 3 RESEARCH METHODOLOGY

3.1	Introduction	32
3.2	Research Design	32
3.3	Population and Sample	33
3.4	Research Instrument	
3.4.1	Design of the Questionnaire	34
3.5	Pilot Test	35
3.6	Data Collection	36
3.7	Data Analysis	
3.7.1	Descriptive Data Analysis	37
3.7.2	Measurement for Respondents' Perception towards Organizational Climate Factors	37
3.7.3	Measurement for Respondents' Perception towards Job Performance	38
3.7.4	Inferential Data Analysis	
3.7.4.1	Kruskal-Wallis Test	38
3.7.4.2	Pearson Product-Moment Correlation Coefficient Test	40
3.7.4.3	Multiple Regression Test	41
3.8	Conclusion	42

CHAPTER 4 FINDINGS AND DISCUSSION

4.1	Introduction	43
4.2	Respondents' Demographic Characteristics	43
4.3	Respondents' Perception towards Organizational Climate	45
4.4	Respondents' Perception towards Job Performance	47
4.5	Differences between Demographic Characteristics and Job Performance	
4.5.1	Difference between Age Groups and Job Performance	48
4.5.2	Difference between Marital Status and Job Performance	49
4.5.3	Difference between Length of Service and Job Performance	50
4.6	Relationship between Organizational Climate Factors and Job Performance	
4.6.1	Relationship between Supervisory Style and Job Performance	52

4.6.2	Relationship between Co-workers Support and Job Performance	53
4.6.3	Relationship between Training and Job Performance	54
4.6.4	Relationship between Financial Reward and Job Performance	55
4.6.5	Relationship between Intrinsic Reward and Job Performance	56
4.7	The Dominant Factor Affecting Job Performance of Employees	57
4.8	Results Summary	58

CHAPTER 5 SUMMARY AND RECOMMENDATIONS

5.0	Introduction	60
5.1	Summary of the Study	60
5.2	Conclusion	62
5.3	Recommendations	
5.3.1	Recommendations to the Organization	64
5.3.2	Recommendations to future researcher	65
	Bibliography	66
	Appendices	69

LIST OF TABLES

	Page
Table 3.1 The Four-Point Rating Scale	35
Table 3.2 Cronbach's Alpha Test	36
Table 3.3 Respondents' Perception Towards Organizational Climate Factors	37
Table 3.4 Respondents' Perception Towards Job Performance	38
Table 3.5 Interpretation of p-value	39
Table 3.6 Strength of Relationship According to Pearson Correlation Coefficient Value	40
Table 4.1 Respondents' Demographic Characteristics Distribution	44
Table 4.2 Distribution of Respondents' Perception towards Organizational Climate Factors	45
Table 4.3 Distribution of Respondents' Perception towards Job Performance	47
Table 4.4 Kruskal-Wallis Test for Demographic Characteristics and Job Performance	48
Table 4.5 Pearson Product Moment Correlation Coefficient Test between Organizational Climate Factors and Job Performance	51
Table 4.6 Multiple Regression Test between Organizational Climate Factors and Job Performance	57
Table 4.7 Summary of Results	59

LIST OF FIGURES

	Page
Figure 1.1 Conceptual Framework of the Study	6
Figure 2.1 Maslow's Hierarchy of Needs	18
Figure 2.2 Porter and Lawler's Model of Motivation	20
Figure 2.3 The Performance Management Cycle	22

ABSTRACT
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Lee Jon Wee

Generally, this study aims to perform a preliminary investigation into organizational climate factors and job performance. The main objective of this study is to identify organizational climate factors affecting employee's job performance. Another objective of this study is to identify the dominant factor affecting employees' job performance. The study was conducted at a logging camp. The questionnaire survey was used to assess employees' perception towards organizational climate and job performance. The results of this study showed that demographic characteristics (age and length of service) have significant difference with job performance. For the relationship between organizational climate and job performance, only factors like supervisory style, co-workers support, employees' training and intrinsic reward had significant relationships with job performance. It was found that supervisory style is the most dominant factor affecting employee's job performance. As a conclusion, this study shows that factors like age, length of service, supervisory style, co-workers support, employees' training and intrinsic reward do influence employee's job performance.

ABSTRAK

FAKTOR-FAKTOR IKLIM ORGANISASI YANG MENPENGARUHI PRESTASI KERJA PEKERJA

Lee Jon Wee

Secara umum, kajian ini bertujuan untuk mengkaji faktor-faktor iklim organisasi dan prestasi kerja. Objektif utama kajian ini ialah mengenalpasti faktor-faktor iklim organisasi yang mempengaruhi prestasi kerja pekerja. Satu lagi objektif kajian ialah mengenalpasti faktor dominan yang mempengaruhi prestasi kerja pekerja. Kajian dijalankan di sebuah kem pembalakan. Kajian survey menggunakan horang soal selidik digunakan untuk menilai persepsi responden terhadap iklim organisasi dan prestasi kerja. Keputusan kajian menunjukkan bahawa ciri demografi (umur dan tempoh perkhidmatan) mempunyai pebezaan yang signifikan dengan prestasi kerja. Bagi hubungan antara iklim organisasi dengan prestasi kerja, hanya faktor-faktor iklim organisasi seperti stail penyeliaan, sokongan rakan sekerja, latihan pekerja dan ganjaran bukan kewangan didapati mempunyai hubungan yang signifikan dengan prestasi kerja. Daripada dapatan tersebut, didapati stail penyeliaan merupakan faktor paling dominan yang mempengaruhi prestasi kerja pekerja. Secara kesimpulannya, kajian ini menunjukkan bahawa faktor seperti ciri demografi iaitu umur dan tempoh perkhidmatan, dan faktor iklim organisasi iaitu stail penyeliaan, sokongan rakan sekerja, latihan pekerja dan ganjaran bukan kewangan mempengaruhi prestasi kerja pekerja.

CHAPTER 1

INTRODUCTION

1.1 Introduction

Human and climate are two elements that influence each other. Climate is also related to weather. Generally, climate refers to the pattern of weather conditions (Oxford Advanced Learner's Dictionary, 2000). Daily weather condition has impacts on every individual.

The characteristics of climate will determine the economic activities of human. This phenomenon can be seen in the activities of farmers. When it is sowing time, farmers favour sunny weather. When the crops are in the period of growing, farmers favour rainy weather. Here, it can be concluded that certain kinds of weather have influences on human activities.

Besides, human activities will also influence the climate. The irresponsible acts of human have caused certain major changes to the environment. Unplanned

for station activities have caused increase in global temperature and sea level. The important point is human acts will determine climate surrounding them.

In today competitive era, the performance of every employee is the primary factor affecting an organization's overall performance. Therefore, it is vital for every organization to look into the factors affecting the performance of employees.

Organizational climate is an important factor affecting the overall performance of an organization (Kangis, Gordon & Williams, 2000). The characteristics of internal climate will determine how every staff performs in their jobs.

Every employee in an organization has impacts building and altering the climate from time to time. Therefore, organizational climate will also determine if an employee will stay long with the organization. When employees stay long with an organization, it showed that the organization know how to keep important asset within the organization. The relationship between organizational climate and job performance is described in detail in the next section.

1.2 Background of the Study

Organizational climate and employees are two important elements that interact with each other. Every organization has its own climate. Organizational

climate is characterized as unique. Krumm (2001) defined organizational climate as individual perception of internal cultural events. Therefore, organizational climate directly affect employees' job performance.

Job performance is an important factor that will determine the success of an organization. In the present competitive business world, organization has to fully utilize its human capital in order to stay competitive in the market. According to Thompson *et al.* (2005), one of the key success factors for an organization to gain competitive advantage is skillful and capable human resources. Skillful and capable employees will contribute to an organization through achieving the mission and vision set.

This study aims to study the relationship between organizational climate and job performance of employees. This study was conducted at Selidap Logging Camp. This is an organization that produces logs from forest and is established for more than two years already. Currently, the total number of loggers are 160.

All loggers are divided into groups. Each group is headed by a Head of group and assisted by an Assistant. Loggers' primary job is to cut the timber and transfer it to loading area.

1.3 Statement of the Problem

Timber industry is an industry that offers high risk jobs. Employees in this industry especially loggers are exposed to different kinds of hazards. Among the hazards are falling, impact and lifting hazards, and mechanical hazards. If any accident occurs, the organization has to bear the cost. Besides, accident occurrence will also decrease employees' motivation and job performance. This is because employees will feel unsafe working at the workplace.

It is the nature of every business organization to maximize profit and minimize cost. Thus, proactive steps have to be taken to increase employees' job performance. One of the factors affecting job performance is organizational climate. Research by Kangis, Gordon and Williams (2000) showed that organizational climate has influence on corporate performance. All factors (supervisory style, co-workers, work motivation, employee competence, decision making and performance reward) have positive relationships with corporate performance.

The statement of the problem is represented by some of the questions stated below:

1. Do the factors affect employees' job performance?
2. How are the relationships between these factors and job performance?
3. Which one of the factors is the most dominant factor?

Therefore, it is important to identify the relationship between organizational climate and job performance. This case study is conducted to solve the problem stated earlier. The study aims to identify the relationship between organizational climate factors and job performance of employees, and the most dominant factor affecting job performance of employees.

1.4 Research Objectives

Generally, this study aims to identify the relationship between organizational climate factors and job performance of loggers at Selidap Logging Camp, Sibu, Sarawak.

1.4.1 Specific Objectives

The specific objectives for this study are:

1. To determine the differences between age groups and job performance.
2. To determine the differences between marital status and job performance.
3. To determine the differences between length of service and job performance.
4. To determine the relationship between supervisory style and job performance.

5. To determine the relationship between co-workers support and job performance
6. To determine the relationship between training and job performance.
7. To determine the relationship between financial rewards and job performance.
8. To determine the relationship between intrinsic rewards and job performance.
9. To determine if there is any dominant factor affecting job performance.

1.5 Conceptual Framework

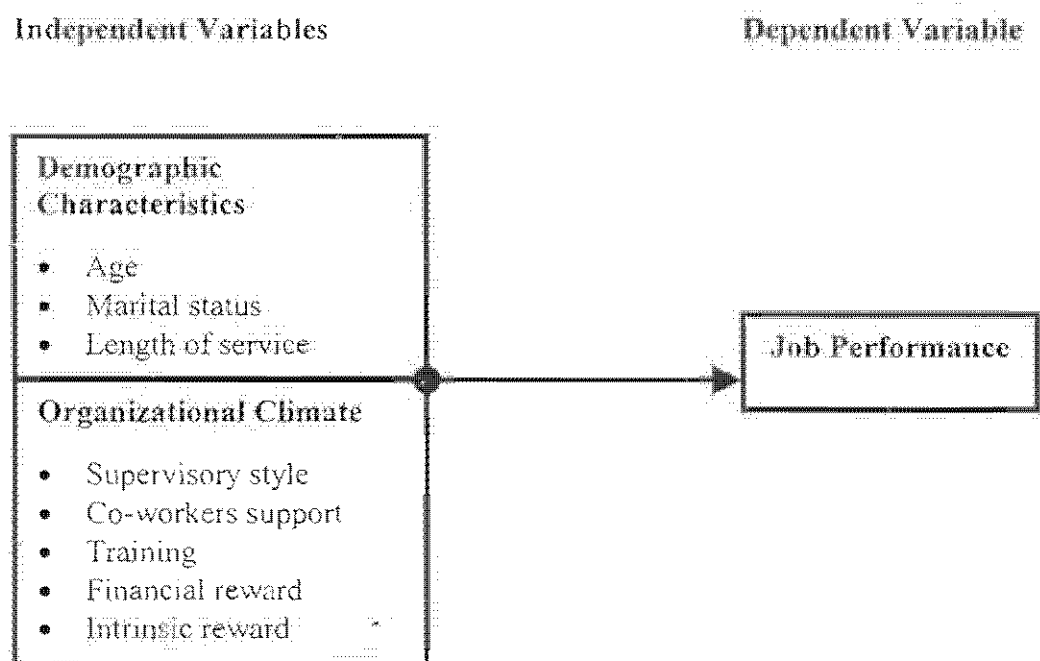


Figure 1.1: Conceptual Framework of the Study.

The conceptual framework is divided into independent variables and dependent variable. The independent variables consist of demographic characteristics and organizational climate. Demographic characteristics comprise age, marital status and length of service. Organizational climate focuses on supervisory style, co-workers support, training, financial reward and intrinsic reward. The dependent variable is job performance of employees. The framework is as shown in Figure 1.1 on page 6.

1.6 Research Hypotheses

The following null hypotheses are formulated for this study:

1. There is no significant difference between age groups and job performance of employees.
2. There is no significant difference between marital status and job performance of employees.
3. There is no significant difference between length of service and job performance of employees.
4. There is no significant relationship between supervisory style and job performance of employees.
5. There is no significant relationship between co-workers support and job performance of employees.

6. There is no significant relationship between training and job performance of employees.
7. There is no significant relationship between financial rewards and job performance of employees.
8. There is no significant relationship between intrinsic rewards and job performance of employees.
9. There is no dominant factor affecting job performance of employees.

1.7 Significance of the Study

The findings of the study will contribute to the enhancement of the field of human resource development.

This study will assist organizations to identify factors affecting job performance. From the results of this study, top management may take necessary actions to enhance the quality of organizational climate factors in order to boost employees' job performance. The organization may focus more on the dominant factor among the organizational climate factors studied.

In addition, this study will be a useful reference for future researchers to refer at. They may conduct the research at different organization other than logging camp.

This aims to further investigate the relationship between organizational climate and job performance in different organization

For Human Resource practitioners, this study will be useful for them to identify the climate within their organization. Besides, HR practitioners may use this research as reference for conducting their own research about organizational climate.

1.8 Definition of Terms

In this study, the operational definitions of terms used are presented. The terms used in this study are perception, age, marital status, length of service, supervisory style, co-workers support, training, financial rewards, intrinsic rewards and job performance.

1.8.1 Perception

In this study, perception refers to respondents' perception towards organizational climate and job performance.

1.8.2 Age

In this study, the loggers' age are categorized into four main categories, which are 16 years to 25 years, 26 years to 35 years, 36 years to 45 years, and 46 years to 54 years.

1.8.3 Marital Status

In this study, the loggers' marital status is divided into two groups, which are single and married.

1.8.4 Length of Service

In this study, length of service refers to the period of time a logger has worked with the organization. Length of service is categorized into four categories, which is less than 1 year, 1 to 2 years, 3 to 4 years, and 5 years and above.

1.8.5 Supervisory Style

In this study, supervisory style refers to the style of supervision practised by the supervisor. The styles of supervision used in this study are controlling style and

developmental style. Among the elements focused are planning of daily work, job-related decision making, monitoring, and relationship between supervisor and subordinates.

1.8.6 Co-workers Support

In this study, co-workers refer to all other loggers working together with an individual logger. Among the elements focused are relationship with co-workers, cooperation from co-workers, and co-workers' behaviour.

1.8.7 Training

In this study, training refers to logger's perception on training received. This includes elements like logger's perception on Personal Protective Equipment training, health programs, and transfer of training.

1.8.8 Financial Rewards

In this study, financial rewards refer to logger's perception on salary, incentives and benefits received. The elements focused are performance reward, annual leave, benefits such as insurance plan and health services.

1.8.9 Intrinsic Rewards

In this study, intrinsic rewards refer to logger's perception towards job, recognition for excellent job completion, promotion, and workplace safety.

1.8.10 Job Performance

In this study, job performance refers to logger's perception on job-related behaviour and completion of tasks based on target set.

1.9 Limitations of the Study

This study has some unavoidable limitations. Firstly, it is difficult to ensure that questionnaires are distributed randomly among the loggers. Secondly, this research studies the relationship between organizational climate and job performance of loggers. Others classifications of job like log pond in-charge, supervisors (Head of group), clerks and typists are not included in the studies of job performance. Lastly, this research only takes into account factors like supervisory style, co-workers support, training, financial rewards and intrinsic rewards. There may be other factors that are also influencing job performance.

1.10 Conclusion

This chapter introduced the background of the study, the statement of the problem, and the objectives of the study. Besides, this chapter also explained the significance of the study. There are also stated hypotheses of the study and the definition of terms. Lastly, the limitations of the study are discussed.